



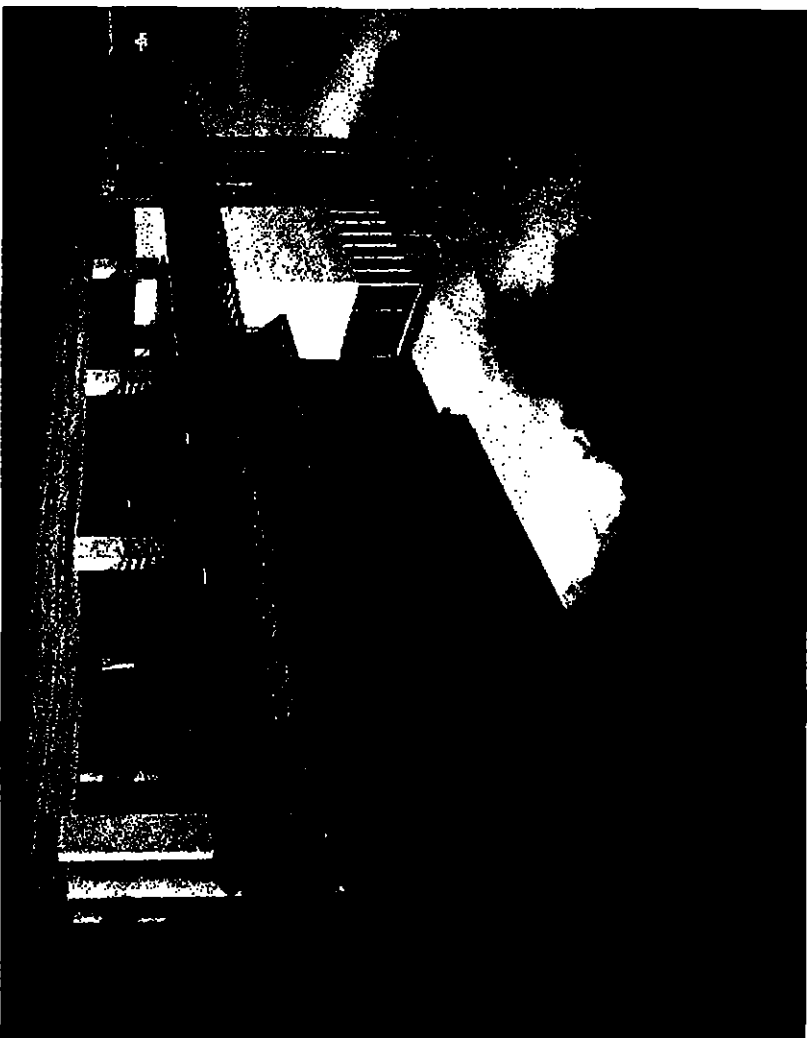
Pricing Analysis

\$52,715,000

City of Austin, Texas

Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004

February 12, 2004



presented by
Public Financial Management, Inc.
700 Lavaca, Suite 1500
Austin, Texas 78701



City of Austin Bond Purpose & Financing Team

\$62,716,000 Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004

Bond Purpose – The Bonds are being issued to currently refund the \$60,960,000 City of Austin Hotel Occupancy Tax Revenue Refunding Bonds, Series 1993A. The refunding is being undertaken for interest cost savings and will result in present value savings to the City.

ISSUER	City of Austin
TYPE OF SALE	Negotiated
BOND COUNSEL	Fulbright & Jaworski L.L.P.
DISCLOSURE COUNSEL	McCall, Parkhurst & Horton L.L.P.
AUDITOR	KPMG Peat Marwick L.L.P.
FINANCIAL ADVISOR	Public Financial Management

UNDERWRITING TEAM
ESTRADA HINJOSA & CO.

<i>Beat, Stearns & Co.</i>	<i>Citigroup</i>	<i>First Albany Capital</i>
<i>Goldman, Sachs & Co.</i>	<i>Jackson Securities</i>	<i>Loop Capital Markets, LLC</i>
<i>Merrill Lynch & Co.</i>		<i>Southwest Securities</i>





Bond Market Update

\$52,715,000 Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004

MARKET POST: MUNIS UNCH; \$190M NORTH EAST ISD, TEXAS, PRICES Feb 10 2004 10:45

By Anastasia Johnson, The Bond Buyer NEW YORK (Thomson)--Municipal bonds were little changed in morning trade, while primary market activity took center stage as underwriters priced \$190 million North East Independent School District, Texas, unlimited tax refunding bonds. Treasuries continued to slide into negative territory ahead of the \$56 billion quarterly refunding program this week, which begins today with the sale of \$24 billion three-year notes at 1 p.m., EST.

In recent trading, the two-year Treasury note was quoted down 2/32 to yield 1.77%, the 10-year note was quoted down 5/32 to yield 4.07%, and the 30-year bond was quoted down 9/32 to yield 4.91%.

In the municipal arena, traders said the market reawakened from its "comatose" state yesterday as more participants were willing to make bids and there were more two-sided markets. This translated into a firm market tone early in the session, but weaker Treasuries kept municipal bonds unchanged.

"The bid side is holding in, but I'm definitely seeing more block sizes offered on the long end, and they are not going away," a trader in New York said. "That's something that concerns me. If we have a major sell off [in Treasuries], maybe the bid side will gap out."

In the secondary, New York Transitional Finance Authority 5s of 2028 were quoted 4.52% bid, 4.50% offered.

In the new issue market, J.P. Morgan tentatively priced the \$190 million North East ISD, Texas, bonds with a top yield of 4.24% in 2021.

Earlier, Morgan Stanley tentatively priced \$966 million New York City general obligation bonds following a two-day retail order period, during which underwriters received \$375 million in retail orders. Serials were priced to yield from 1.40% in 2005 to 4.73% in 2024. MBI insured the first part of three-pronged maturities due in 2011, 2012, 2013, 2015 and bonds due in 2017, while CIFG insured the first part of a three-pronged 2014 maturity and bonds due in 2016. The issue carries underlying ratings of A2 from Moody's Investors Service, A from Standard & Poor's and A-plus from Fitch Ratings.

Also, Goldman, Sachs tentatively priced \$315 million Utah general obligation bonds. Serials were priced to yield from 2.71% in 2010 to 3.73% in 2016. The issue is rated triple-A by Moody's, S&P and Fitch.

Other deals expected to be priced today include a \$120 million Hamilton County, Ohio, convention center revenue issue and a \$120 million Arizona Department of Transportation subordinate highway revenue refunding bond loan. Citigroup Global Markets is the lead underwriter on both these deals.

In the competitive sector, Wisconsin is scheduled to sell \$117 million clean water revenue bonds at 11 a.m., EST, while dealers will bid on \$98 million Charleston County School District, S.C., general obligation bonds also at 11 a.m., EST.

Supply

Looking ahead to new issue volume, The Bond Buyer's 30-day visible supply calendar rose \$884 million to \$8.436 billion. The total comprises \$2.80 billion of competitive loans and \$5.63 billion in negotiated issues.

Disclosure

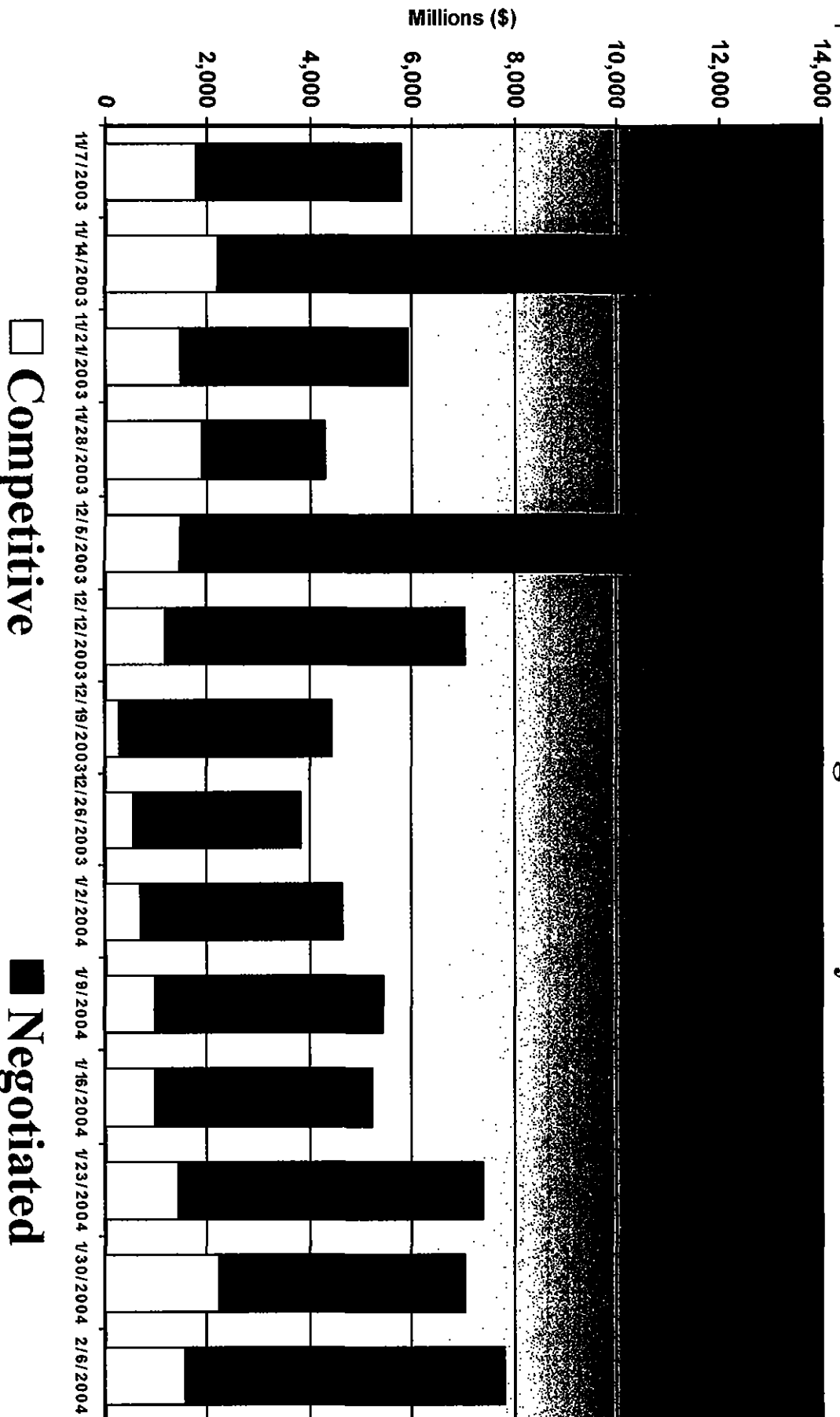
The Municipal Securities Rulemaking Board reported 25,255 trades Monday comprising 12,031 separate issues. Of all bonds traded, 1,341 changed hands at least four times. Most active was Cook County Community College District No 508, Ill., lease certificates 7.70s of 2007, which traded 157 times at a high of 121.115 and a low of 121.053.



The Bond Buyer Weekly Visible Supply

\$62,715,000 Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004

Bond Buyer Weekly Visible Supply (by Volume) November 2003 through February 2004





Negotiated & Competitive Long-Term Issues

\$52,715,000 Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004

Bond Sales Scheduled for the week of February 9th

Date	Type of Sale	Bonds	Ratings*	Description	Issuer
February 11	Negotiated	\$52,715,000	FSA	Revenue	City of Austin, TX
February 10	Negotiated	\$50,000,000	A3/A/-	G.O.	United ISD, TX
February 10	Negotiated	\$142,210,000	FSA	G.O.	Tucson USD, AZ
February 11	Negotiated	\$23,725,000	XL Capital	Revenue	NYS Dorm Auth, NY
Week of Feb 9	Negotiated	\$123,420,000	-/-/-	Revenue	Houston Hlth Facs Auth, TX
Week of Feb 9	Negotiated	\$189,518,000	PSF	G.O.	North East ISD, TX
Week of Feb 9	Negotiated	\$19,500,000	-/A/-	G.O.	Bridgeport ISD, TX
Week of Feb 9	Negotiated	\$89,395,000	A1/A/-	Revenue	Shohomish Co PUD #1, WA
Week of Feb 9	Negotiated	\$950,000,000	A2/A/-	G.O.	New York City, NY
Week of Feb 9	Negotiated	\$120,000,000	-/-/-	Revenue	Hamilton County, OH
February 11	Competitive	\$133,675,000	Aa2/-/-	G.O.	Boston, MA
February 11	Competitive	\$40,452,000	A2/-/-	G.O.	East Greenbush Ctrd SD, NY
February 11	Competitive	\$59,695,000	-/AAA/AAA	G.O.	Virginia Pub Sch Auth, VA
February 11	Competitive	\$9,200,000	A2/A/-	Revenue	Soquel Creek Wtr Dc, CA

* Moody's / S&P / Fitch

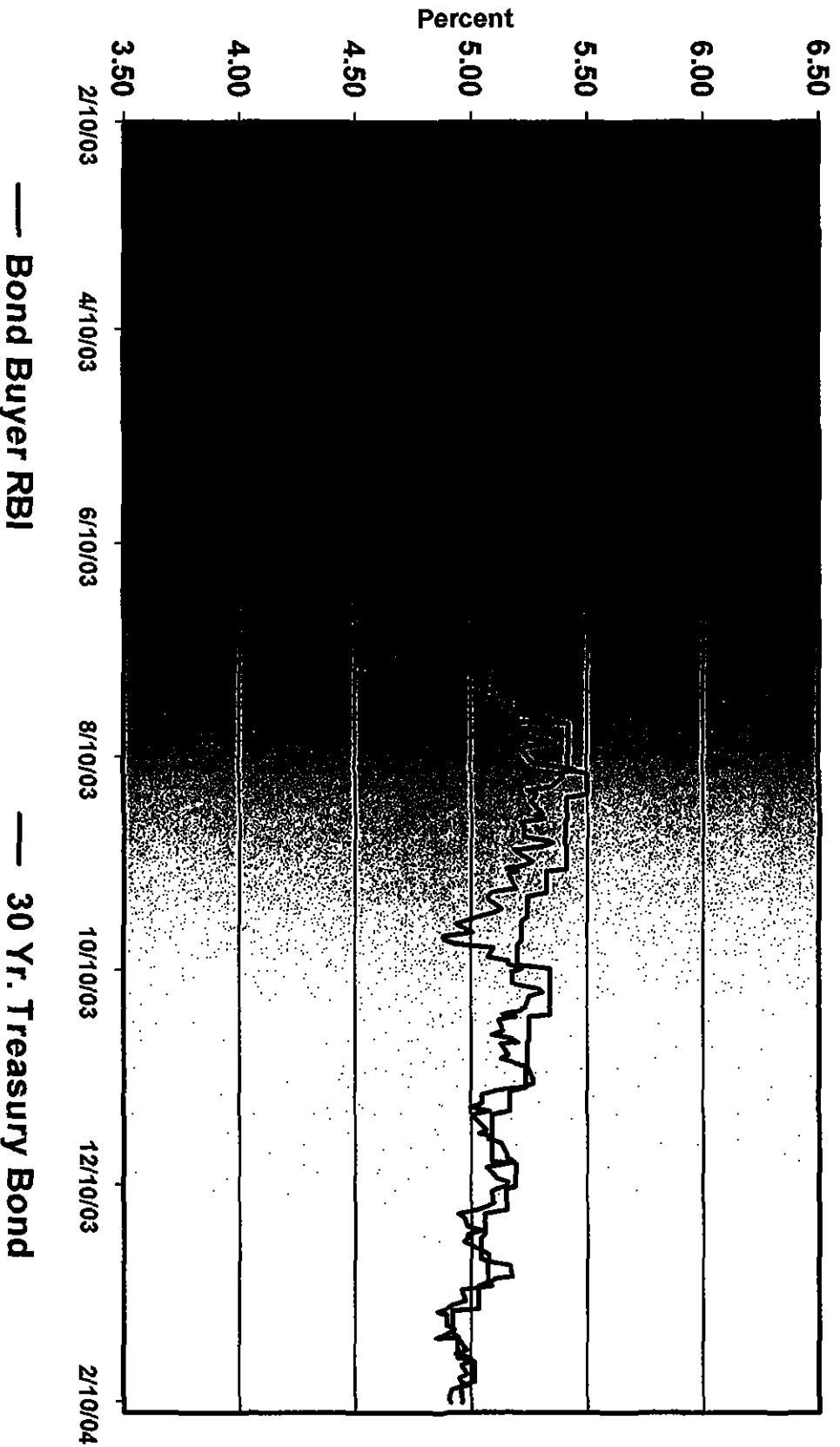


Current Market Indicators

February 2003 through February 2004

\$52,716,000 Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004

Bond Buyer Revenue Bond Index vs. 30 Year Treasury



Current Rates as of February 10, 2004

BB RBI: 4.960%

30 Yr. Treasury: 4.909%





Economic Indicators

\$52,715,000 Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004

Credit Calendar ⁽¹⁾

Week of February 2 through Week of February 20, 2004

Monday	Tuesday	Wednesday	Thursday	Friday
2 Wholesale Inventories	3 COA HOT Revenue Bond Pricing	4 Greenspan Report on Economy & Fed Policy	5 Initial Jobless Claims Continuing Claims	6 Unemployment Rte Change in Nonfarm Payroll Change in Man. Payroll Consumer Credit
9 Wholesale Inventories	10 COA HOT Revenue Bond Pricing	11 Greenspan Report on Economy & Fed Policy	12 Advance Retail Sales Retail Sales Less Autos Initial Jobless Claims Continuing Claims	13 Trade Balance Import Price Index U of Mich. Confidence
16 Industrial Production Capacity Utilization NAHB Housing Market Index	17 Industrial Production Capacity Utilization NAHB Housing Market Index	18 Housing Starts Building Permits	19 Producer Price Index Initial Jobless Claims Continuing Claims Leading Indicators	20 Consumer Price Index

⁽¹⁾ Credit factors which may affect the capital markets prior to the sale of the Bonds.



Analysis of Comparable Insured Revenue Bond Issues

\$62,716,000 Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004

Issuer State Amount Sale Date Insured Rating Call Provisions Insurance Type of Sale Underwriter		Tampa Bay Water Authority Florida \$107,870,000 02/06/04 AAA Not Callable FGIC Negotiated Raymond James		Northeast ISD Texas \$189,005,000 02/10/04 AAA Callable in 2014 @ par PSF Negotiated J.P. Morgan Securities		United ISD Texas \$50,064,951 02/10/04 AAA Callable in 2013 @ par PSF Negotiated Southwest Securities				
Year	Maturity	Yield	MMD	Insured	Yield	MMD	Insured	Yield	MMD	Insured
1	2005	1.150%	1.090%		1.110%	1.070%				
2	2006	1.500%	1.470%		1.500%	1.470%		1.510%	1.470%	
3	2007	1.800%	1.780%		1.820%	1.780%		1.890%	1.780%	
4	2008	2.150%	2.150%		2.190%	2.150%				
5	2009	2.470%	2.460%		2.490%	2.460%		2.520%	2.460%	
6	2010	2.736%	2.710%		2.730%	2.710%		2.780%	2.710%	
7	2011	3.010%	2.950%		2.970%	2.950%		3.050%	2.950%	
8	2012	3.250%	3.190%		3.210%	3.190%		3.250%	3.190%	
9	2013	3.440%	3.400%		3.410%	3.390%		3.460%	3.390%	
10	2014	3.590%	3.570%		3.580%	3.560%		3.690%	3.560%	
11	2015	3.710%	3.700%		3.700%	3.680%		3.870%	3.680%	
12	2016	3.800%	3.820%		3.810%	3.800%		4.000%	3.800%	
13	2017	3.900%	3.940%		3.910%	3.920%		4.090%	3.920%	
14	2018	3.990%	4.050%		4.000%	4.030%				
15	2019	4.070%	4.150%		4.080%	4.130%				
16	2020				4.160%	4.220%				
17	2021				4.240%	4.310%				
18	2022									
19	2023									
20	2024									



Transaction Schedule, Maturity Schedule, POS Cover

\$52,716,000 Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004

Key Dates

Electronic Mail POS	February 5th
Bond Pricing	February 10th
Bond Sale	February 12th
Distribute Final OS	February 20th
Distribute Closing Instructions	March 3rd
Closing	March 11th

Maturity Schedule

(Nov. 15)	Amount	(Nov. 15)	Amount
2007	\$2,110,000	2014	\$4,230,000
2008	3,315,000	2015	4,455,000
2009	3,400,000	2016	4,680,000
2010	3,500,000	2017	4,920,000
2011	3,645,000	2018	5,170,000
2012	3,830,000	2019	5,435,000
2013	4,025,000		

True Interest Cost	3.847%
Net Present Value Savings	\$4,185,995
Percentage Savings	6.867%

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 4, 2004

NEW ISSUE: Book-Bond-Only

In the opinion of Bond Counsel, interest on the Bonds will be payable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Exemption" herein, including the alternative minimum tax on corporations.

\$52,930,000*

CITY OF AUSTIN, TEXAS
(Crawle and Williamson Counties)

Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004

Dated: February 1, 2004

Due: November 15, as shown on Indenture

The \$52,930,000 City of Austin, Texas Hotel Occupancy Tax Revenue Refunding Bonds, Series 2004 (the "Bonds") will bear interest from their stated date at the rate set forth on the inside cover page, calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds is payable on November 15, 2004, and semiannually thereafter on May 15 and November 15 of each year until maturity or prior redemption. The Bonds will be registered initially in the name of CMC & Co., a nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Payment of principal and interest on the Bonds will be made through DTC. Payment of principal and interest on the Bonds will be made to purchasers. Payment of principal, redemption premium (if any), and interest will be made to purchasers by DTC through its Participants. The City of Austin, Texas (the "City") reserves the right to discontinue such book-entry system. See "DESCRIPTION OF THE BONDS" herein.

The Bonds are subject to optional redemption prior to maturity, in whole or in part, commencing November 15, 2013 and on any date thereafter at a price equal to the principal amount thereof plus accrued interest. See "DESCRIPTION OF THE BONDS" herein.

The Bonds are issued pursuant to Vernon's Texas Civil Statutes, Government Code, Chapter 1207, as amended (the "Act") and an ordinance (the "Ordinance") adopted by the governing body of the City. The Bonds are special obligations of the City payable from and secured by certain outstanding previously issued Bonds, equally and ratably secured by a first lien on and pledge of the "Bonds Receivable". The security for the Bonds consists primarily of the portion of revenues derived by the City from a hotel occupancy tax levied by the City pursuant to Vernon's Texas Civil Statutes, Chapter 351, as amended, which is equal to at least 4.5% of the consideration paid by occupants of sleeping rooms furnished by hotels in which the cost of occupancy is \$20 or more a day (the "4.5% Hotel Tax") as described herein (the "Bonds Receivable"). The City, pursuant to the Ordinance, does not grant any lien on or security interest in or any mortgage of any of the physical properties of the City. The Bonds constitute a series of "Bonds", as defined in the Ordinance.

THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATION DEBTS OF THE CITY AND NEITHER THE TAXING POWER OF THE CITY (EXERCISED WITH RESPECT TO REVENUES DERIVED FROM A PORTION OF THE HOTEL OCCUPANCY TAX AS SPECIFICALLY DESCRIBED HEREIN) NOR THE TAXING POWER OF THE STATE OF TEXAS IS PLACED AS SECURITY FOR THE BONDS. SEE "SECURITY FOR THE BONDS" HEREIN.

FINA.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued by Financial Security Assurance Inc. concurrently with the delivery of the Bonds. See "BOND INSURANCE" herein.

MATURITY SCHEDULE

See Schedule on Inside of Cover Page

The Bonds are offered for delivery when, as, and if required, subject to the opinion of the Attorney General of the State of Texas and the Attorney General of the State of Texas, as to the validity of the issuance of the Bonds under the Constitution and laws of the State of Texas. Certain additional legal matters will be passed on for the City by McColl, Pugh & Hinson, L.L.P., certain additional legal matters will be passed on for the Underwriters by Western Securities & Mutual P.C. It is agreed that the Bonds will be delivered through the facilities of DTC on or about March 11, 2004.

BEAL, STRAUSS & CO., INC.
CITICORP
JACKSON SACHS SMITHS
FIRST ALBANY CAPITAL
LLOYD CAPITAL MARKETS, LLC
SOUTHWEST SECURITIES

*Preliminary. Subject to change.